

SOCIAL SECURITY

January 26, 2005



Feature Story

A PERSONAL STORY

Joe was a typical 12-year-old with a working class family when his father, an industrial cleaning product salesman, was diagnosed with lung cancer just before Thanksgiving. By New Year's Day, Joe's father had passed away, leaving his wife, a stay-at-home mom with no marketable job skills, to raise Joe and his 9-year-old brother. Joe's mother tried her best to find work when she could, but it paid little and was hard work. The only way the family made it was on the Social Security survivor's benefits they received.

When it came time for college, Joe didn't dare dream that he could go because of the financial burden. But he learned that if he enrolled as a fulltime student, his family would continue to receive Social Security benefits for him until he reached the age of 22. It was those benefits that enabled Joe to go to Clemson University, and become a model student and head cheerleader that eventually won an Edgar Brown scholarship that paid for his final semester of college.

Joe took the skills he learned at Clemson and the tenacity he gained from the adversity he faced growing up to create an enormously successful advertising agency in Greenville, South Carolina, that bills in excess of \$100 million annually and serves clients such as Wachovia, Verizon Wireless and Wendy's. He has made a tremendous amount of money during his career, and he relishes the thought of paying into Social Security because he knows that the substantial amount he contributes will benefit so many families like his own. Today, Joe Erwin is still President of Erwin-Penland, the advertising firm he and his wife built through their blood, sweat and tears. He also serves as the Chairman of the South Carolina Democratic Party because he believes so deeply in the Democratic policies that gave his family hope when they were at their most vulnerable. Joe's story is not uncommon, but his and other success stories might become historical footnotes if Social Security is radically altered.

Social Security is about more than Retirement Benefits

The fact that Social Security can continue its current level of support for only 37 more years is problematic but by no means critical. All problems are not crises. According to the Social Security Administration, the Social Security Trust Fund can continue to provide full benefits until 2042, and beyond that time it will still collect three-quarters of the resources needed to fully fund benefits. This is a concern that must be thoughtfully addressed, but hardly a crisis that requires an immediate \$2 trillion fix that the country can't afford and would undermine the Social Security program and the protection it was designed to provide.

Social Security by its name and its design provides a safety net for Americans who for various reasons find themselves vulnerable. It is our government's promise that it will not abandon its people during unemployment, illness, disability, old age and even death. Many of us do not have the means, and in some instances the foresight, to adequately prepare for financially challenging times. With passage of the Social Security Act in 1935 the federal government sought to provide the basic economic security families can rely on in times of need.

Unfortunately, today the politics of fear are being employed to scare Americans into believing there is a Social Security crisis. The logic that we must spend \$2 trillion now while our government is operating at unprecedented deficits and under unimaginable debt in order to stave off a 25% shortfall in Social Security funds some 37 years from now is absurd at best and deceitful at worst. This is a smoke and mirrors argument to bolster the President's desire to privatize the program and begin fulfilling the Republican Party's goal of eliminating Social Security all together.

Many people believe that Social Security is merely a retirement program, and that misconception is being bolstered by the current Administration. The fact is Social Security is an insurance program for 47 million Americans. Sixteen percent of those recipients are disabled Americans and their dependents. Of the 12.4% of workers' incomes that pay for Social Security, nearly 15% fund disability claims.

According to the Social Security Administration, nearly a third of all workers in their 20s today will be disabled *before* they reach eligibility for full Social Security retirement benefits at 67. The Social Security Administration reports that more than 6.2 million disabled workers and 1.8 million dependents, including 1.6 million children, are receiving Social Security. The average monthly payment to a disabled worker is \$894; for a disabled worker with a spouse and one or more children, the average payment is \$1,496. Their average age is 51. Social Security pays more in children's benefits than any other federal program. In addition to receiving depend-

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ent support if they have a disabled parent, children also are eligible to receive survivor's benefits if a working parent dies. According to the Social Security Administration, the value of the survivor's benefits for a young average worker who dies and leaves a spouse and two children is the equivalent of a \$403,000 life insurance policy that is paid in monthly installments of \$1,950. Today 6.7 million Americans receive survivor's benefits, and 1.9 million are children.

Death and disabilities do not respect people or status and neither is a respecter of time or place. Things happen, and they could happen to any one of us or a loved one at any given time. It is unclear under the President's proposal how the disability and survivor programs will be financed if Social Security withdrawals are deposited in stock market retirement funds. President Bush needs to say how his changes will affect the more than 12 million Americans and their families currently receiving support under this part of Social Security.

When Social Security was implemented, America had just come through the Great Depression, which followed the 1929 stock market crash. Today thousands of Americans are seeing their retirement savings evaporate and their personal securities shattered by corporate misconduct and retirement programs scandals at Enron, Tyco, World Com and many others. We are witnessing what can happen to the dreams and aspirations of ordinary people when those who occupy high places and positions of trust in the private sector are overtaken by greed and self-aggrandizement. President Roosevelt and the 74th Congress knew better than to put the safety net of working men and women and the golden years of middle income Americans at the mercy of the stock market or in the hands of speculators.

Social Security is one of our nation's most successful creations. Raising the caps on Social Security income, increasing the average wages upon which benefits are based, and encouraging supplementary savings accounts are all reasonable solutions that make good sense to me. Gambling its trust funds in the stock market is not only risky, but ignores valuable lessons recent experiences should have taught us.